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ARCHWAY BROADWAY LOAN SPE, LLC
7

8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **LOS ANGELES DIVISION**
11

12 In re
13 SEATON INVESTMENTS, LLC, *et al.*,
14 Debtors and Debtors-in-
15 Possession.

16 Affects:

- 17 ☐ All Debtors
18 ☐ Seaton Investments, LLC
☐ Colyton Investments, LLC
19 ☒ Broadway Avenue Investments, LLC
☐ SLA Investments, LLC
20 ☐ Negev Investments, LLC
☐ Alan Gomperts
21 ☐ Daniel Halevy
22 ☐ Susan Halevy

Lead Case No. 2:24-bk-12079-VZ

Jointly Administered with Case Nos.:

2:24-bk-12080-VZ; 2:24-bk-12081-VZ;
2:24-bk-12082-VZ; 2:24-bk-12091-VZ;
2:24-bk-12074-VZ; 2:24-bk-12075-VZ; and
2:24-bk-12076-VZ

Chapter 11

**REPLY IN SUPPORT OF ARCHWAY
BROADWAY LOAN SPE, LLC'S
RENEWED MOTION FOR RELIEF
FROM AUTOMATIC STAY**

Date: December 10, 2024
Time: 10:30 a.m.
Crtrm.: 1368
255 E. Temple Street
Los Angeles, CA 90012

Hon. Vincent P. Zurzolo

FRANDZEL ROBINS BLOOM & CSATO, L.C.
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I. Introduction¹

The sole issue here is whether Broadway has met its burden to demonstrate that an effective reorganization within a reasonable time is assured.

But in its opposition, Broadway provides *no evidence* that has any bearing whatsoever on its burden. Broadway’s reorganization hinges entirely on a Lease and a DIP loan that are not in the best interests of the estate. Broadway withdrew its prior lease and DIP loan motions after Archway pointed out the nefarious bad actors promoting these transactions. Broadway then—within a matter of days—removed the bad actors from the transactions, found a new DIP lender, and refiled the motions as, basically, a complete whitewashing of these transactions.

But the fundamental problems remain—Broadway has never provided any financial information on the proposed tenants, and although Archway has served subpoenas, the proposed tenants are clearly evading service. There is no way Broadway can fund the six-figure up-front DIP loan fee, much less the debt service payments or the balloon payment which is due in one year. There is no lease guarantor, and the terms of the lease conflict with the loan agreement. The lease is a sham. Over 260 days have elapsed since Broadway filed chapter 11, and there is no effective reorganization in sight.

The Court should grant Archway’s Renewed Motion.

II. Broadway has not met its burden.

It is undisputed that the Property lacks equity. *See* Opposition at 3:6–7. Accordingly, the only question here is whether Broadway has met its extremely heavy burden to demonstrate—with admissible evidence—that “a successful reorganization within a reasonable time is *assured*.” *In re*

¹ Secured creditor, Archway Broadway Loan SPE, LLC, a Delaware limited liability company, successor in interest to Archway Real Estate Income Fund I REIT, LLC (“Archway”), submits this Reply in support of its Renewed Motion for Relief From Automatic Stay (“Renewed Motion”) (Dkt. 299) filed in the lead case of those jointly-administered debtors, Seaton Investments, LLC (“Seaton”), Colyton Investments, LLC (“Colyton”), Broadway Avenue Investments, LLC (“Broadway”), SLA Investments, LLC (“SLA”), and Negev Investments, LLC (“Negev” and collectively with Seaton, Colyton, Broadway and SLA, the “Corporate Debtors”) and Alan Gomperts (“Mr. Gomperts”), Daniel Halevy (“Mr. Halevy”), and Susan Halevy (“Ms. Halevy” and collectively with Mr. Gomperts and Mr. Halevy, the “Individual Debtors” and collectively with the Corporate Debtors, the “Debtors”).

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1 *Sun Valley Newspapers, Inc.*, 171 B.R. 71, 75 (B.A.P. 9th Cir. 1994) (citation omitted emphasis
2 added). *See also* 11 U.S.C. § 362(g); *United Sav. Ass’n of Tex. v. Timbers of Inwood Forest*
3 *Assocs., Ltd.*, 484 U.S. 365, 375–76 (1988). The local rules require any opposition to a regularly
4 noticed motion to contain “declarations and copies of *all evidence* on which the responding party
5 intends to rely....” LBR 9013-1(f)(2) (emphasis added).

6 Here, Broadway has provided *no evidence* even remotely relevant to its heavy burden.

7 No request for judicial notice was made.

8 No evidence was presented. None. Whatsoever.

9 Without evidence relevant to the issue of Broadway’s effective reorganization, Broadway
10 cannot meet its heavy burden.

11 The Court should grant the Renewed Motion for this reason alone.

12 This SARE case has been pending for over 260 days. Broadway’s reorganization hinges on
13 a renewed lease and loan being approved.

14 The proposed lease is not a righteous lease. Nor is the DIP loan.

15 Broadway has provided no financials for any of the proposed tenants. The financials
16 provided are for *other* entities—not the proposed tenants—and they say nothing about the
17 proposed tenants’ financial wherewithal. The proposed lease also has no guarantor. The proposed
18 tenants, who have apparent connections to nefarious actors, have zero track record. No evidence of
19 their financial wherewithal has been presented despite months of efforts and discovery served by
20 Archway seeking this information. The proposed tenants are evading service of subpoenas. *See*
21 Declaration of G. Warrington Exh. 32. Attempts to serve the proposed DIP lender at its address,
22 per the California Secretary of State, have failed, as the person to answers the door says that
23 Millennia Group signed a lease back in 2022, but never moved in. *See id.* at Exh. 32.

24 The DIP loan requires a significant up-front \$240,000.00 loan fee upon closing as well as
25 monthly interest payments and a one-year balloon payment of \$4 million in principal plus interest,
26 fees, and expenses.

27 Broadway’s MORs reflect that it has no ability to fund any of this. Its MORs also reflect
28 that it has been using Archway’s cash collateral without authorization, apparently since day one.

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1 The renewed lease and loan should not be approved for the reasons set forth in Archway's
2 Oppositions to the Lease and Loan Motions. *See* Dkts. 330, 331.

3 If approved, Broadway would be in instantaneous breach of the loan covenants, entitling
4 the DIP lender to sue and recover a judgment for attorney's fees and costs from the estate.

5 **III. Conclusion**

6 Accordingly, there is no equity and no evidence that it is assured that an effective
7 reorganization within a reasonable time will occur.

8 The Court should grant the Renewed Motion in full.

9 DATED: December 3, 2024

FRANDZEL ROBINS BLOOM & CSATO, L.C.
MICHAEL GERARD FLETCHER
GERRICK M. WARRINGTON

12 By: /s/ Gerrick M. Warrington
13 GERRICK M. WARRINGTON
14 Attorneys for Secured Creditor
15 ARCHWAY BROADWAY LOAN SPE, LLC
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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 1000 Wilshire Boulevard, Nineteenth Floor, Los Angeles, CA 90017-2427.

A true and correct copy of the foregoing document entitled (*specify*): **REPLY IN SUPPORT OF ARCHWAY BROADWAY LOAN SPE, LLC'S RENEWED MOTION FOR RELIEF FROM AUTOMATIC STAY** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) December 3, 2024 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page.

2. SERVED BY UNITED STATES MAIL:

On (*date*) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page.

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) December 3, 2024, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Overnight Delivery (Early Morning):

The Honorable Vincent P. Zurzolo
U.S. Bankruptcy Court
Roybal Federal Building
Bin outside of Suite 1360
255 E. Temple Street
Los Angeles, CA 90012-3332

Email:

Counsel to Corporate Debtors:

Derrick Talerico dtalerico@wztslaw.com

Counsel to Individual Debtors:

Zev Shechtman Zev.Shechtman@saul.com
Turner Falk turner.falk@saul.com
Ryan Coy ryan.coy@saul.com

United States Trustee:

Kelly L Morrison
Office of the US Trustee
Email: kelly.l.morrison@usdoj.gov

☐ Service information continued on attached page.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

December 3, 2024

Date

Annette Chase

Printed Name

/s/ Annette Chase

Signature

ADDITIONAL SERVICE INFORMATION (if needed):

1. SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (“NEF”)

- Counsel to Party in Interest: Scott R Albrecht salbrecht@gsaattorneys.com, jackie.nguyen@sgsattorneys.com
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